

Decision Pathway – Report



PURPOSE: Key decision
MEETING: Cabinet
DATE: 04 September 2018

TITLE	Bristol City Council companies – Governance Action Plan		
Ward(s)	All.		
Author: David Lawrence	Job title: Interim Shareholder Liaison Director		
Cabinet lead: Deputy Mayor, Cllr Cheney	Executive Director lead: Executive Director Resources		
Proposal origin: <i>Councillor</i>			
Decision maker: Cabinet Member Decision forum: <i>Cabinet</i>			
Purpose of Report:			
<ul style="list-style-type: none"> This report seeks to update Cabinet on the implementation of revised governance arrangements for the Bristol City Council owned trading companies, namely, Bristol Waste Company Limited, Bristol Energy Limited and Bristol Holding Limited. 			
Evidence Base:			
<ul style="list-style-type: none"> In spring 2017, the Shareholder Group commissioned the two Independent Shareholder Advisors who sit on the Shareholder Group to carry out a review of the governance arrangements surrounding the companies which the council has an interest in. The purpose of the review was to assess current arrangements and develop recommendations for future governance structures to ensure these companies (and particularly Bristol Holding Limited, Bristol Energy Limited and Bristol Waste Company Limited) meet BCC strategic objectives and are aligned with best practice governance requirements for UK companies. The council has prepared an action plan which outlines the council’s response to the review (Appendix A2). The Shareholder Group monitors the implementation of the recommendations on a monthly basis. Many of the principles and specific outputs of the review will also assist the council in strengthening its relationship with other partnerships and organisations in which it has an interest, including outside bodies. These include local charities, to which the council appoints a trustee member, as well as regional and national partnerships and statutory bodies. 			
Recommendations:			
<ul style="list-style-type: none"> To note: <ul style="list-style-type: none"> the key recommendations of the governance review undertaken in 2017 with respect to the companies which the council has an interest in. (Outlined in Appendix A1 and A2) the Council’s action plan (Appendix A2) which responds to the recommendations. that changes have been made to the companies’ Articles of Association and Shareholders’ Agreement, including the revision of the reserved matters by which the council exercises control of the companies (Appendix A3) the revised Shareholder Group Terms of Reference, which have already been adopted (Appendix A4). the intention to revise the Code of Practice for the Governance of Council Interests in Companies in line with the implementation of the governance review. 			

- To approve:
 - An earmarked envelope of £350,000 pa (for 18/19 and 19/20 onwards), to provide the resources required within the MTFP from 19/20 onward to strengthen the governance as outlined in the action plan and ensure the council can support an efficient and effective client and shareholder liaison function.

Corporate Strategy alignment:

The governance review action plan has been developed in line with the councils organisational priorities:

- Redesign the council to work effectively as a smaller organisation – ensuring that the council has the right skills and capacity to drive improved outcomes from the companies through a small number of critical shareholder and client support resources.
- Equip our colleagues to be as productive and efficient as possible
- Make sure we have an inclusive, high-performing, healthy and motivated workforce
- Be responsible financial managers and explore new commercial ideas

City Benefits:

- BCC has established a range of alternative service delivery mechanisms with interests in a number of separate companies with varying levels of shareholdings, investment and activities which are in addition to its wholly-owned companies. These companies aim to generate a social and/or financial return for the city.

Consultation Details: Consultation with Shareholder Group and OSMB.

Revenue Cost	£ 350,000	Source of Revenue Funding	Delivery Capacity Fund for 2018/19 Inclusion in the MTFP as budget baseline from 19/20 onwards
Capital Cost	£ N/A	Source of Capital Funding	N/A
One off cost <input type="checkbox"/>	Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1.Finance Advice:

The need to maintain a robust risk, governance and control environment is pivotal to the effective operations of the companies that the Council’s either wholly owns, or in which it has an interest. The council needs to ensure that the client function maintains and where required, improves this environment.

We must consider the structures required to ensure the right support is available and the required changes to support the varied and sometimes complex activities of those companies are in place. This will ensure that services are efficient, effective, deliver value for money and can be maintained within available resources.

The report proposes an earmarked envelope of £350k to provide the resources required within the MTFP from 19/20 onward to strengthen the governance as outlined in the action plan and ensure the council can support an efficient and effective client and shareholder liaison function.

These resources had been largely funded by reserves in 17/18 through interim recruitments. In addition, a further £350k had been earmarked under the delivery capacity fund to deal with 18/19 costs.

Finance Business Partner: Tian Ze Hao

Date: 01/06/2018

2. Legal Advice:

The proposal to approve an earmarked envelope of £350,000 pa does not give rise to any specific legal issues.

Legal services have provided advice in connection with the changes that Cabinet is asked to note as regards the various governance arrangements and documents.

In relation to the governance arrangements described in this report, it is noted that performance in accordance with the Handbook, as described in Appendix 1, will be reported as part of the Annual Governance Statement. This will require adequate monitoring and assessment arrangements to be in place in order to be meaningful. It is understood that this will be achieved by amending the Annual Governance Questionnaire.

Legal Team Leader: Eric Andrews, Team Leader

Date: 08/08/2018

3. Implications on ICT: There are no direct IT implications in this proposal. However, the inclusion of an IT presence in the Council to participate in the effective shareholder management of the companies is welcomed; this will help ensure that technology initiatives and investment can also serve the needs and best interests of the Council.

ICT Team Leader: Ian Gale, Head of ICT Services

Date: 4 June 2018

4. HR Advice:

The report identifies the additional funding that is required to enable the council to effectively discharge its shareholder obligations. The allocation of staffing resources below JNC Chief Officer level (Director level) is determined by the relevant Director. Any recruitment that is required should be conducted in accordance with the requirements of the Council's recruitment and selection policy. In the case of the Shareholder Liaison Director, the terms and conditions of employment for this role are still to be finalised. However, it is decided that the role is a Director Level appointment, the recruitment and selection to the role will be made Councillors in accordance with the Council's constitution.

The proposals relating to the appointment of a Councillor on to each trading company Board as a non-executive director has no HR implications as the positions are "office holder" roles and no employment rights arise. However, there are legal implications of being a non-executive director and these are set out elsewhere in the report.

HR Partner: Mark Williams, Head of Human Resources

Date: 4 June 2018

EDM Sign-off	Denise Murray	7 th June 2018
Cabinet Member sign-off	CLlr Craig Cheney	6 th June 2018
CLB Sign-off	Denise Murray	7 th June 2018
For Key Decisions - Mayor's Office sign-off	Mayor's Office	3 rd August 2018

Appendix A1 – Further essential background / detail on the proposal	YES
Appendix A2 – Governance Review Action Plan	
Appendix A3 – Revised Reserved Matters	
Appendix A4 – Revised Shareholder Group Terms of Reference	
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	YES
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Financial Advice	NO

Appendix H – Legal Advice	NO
Appendix I – Combined Background papers <ul style="list-style-type: none"> • See Cabinet – 12 January 2016, Report title: Business Planning Update on Companies which the Council wholly own, and Governance of Managing those Companies • Articles of Association of Bristol Holding Limited, adopted 26 July 2018 • Articles of Association of Bristol Energy Limited, adopted 26 July 2018 • Articles of Association of Bristol Waste Company Limited, adopted 26 July 2018 • Shareholders’ Agreement, between Bristol City Council, Bristol Holding Limited, Bristol Energy Limited and Bristol Waste Company Limited, dated 26 July 2018 	NO
Appendix J – Exempt Information (by virtue of paragraph 3, schedule 12A, Local Government Act 1972) <ul style="list-style-type: none"> • Governance Review Report Summary 	YES
Appendix K – HR advice	NO
Appendix L – ICT	NO